

Strengthening Institutional Social-Economic Institutions Through Village-Owned Enterprises (BUMDes)

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ABSTRACT

Potential in the area, including institutions, people, and natural resources, should be handled, one of which is Village-Owned Enterprises (BUMDes). The performance of BUMDes must considerably enhance the welfare of the populace. Under BUMDes' work system, all commercial and community economic activities are facilitated in a professionally managed institution or corporate organization. As a consequence, community companies are successful and fruitful, enabling the best possible management of all village economic endeavors. The purpose of this study is to determine the reinforcement of local socio-economic institutions in Pagerharjo, Samigaluh District, Kulon Progo Regency through BUMDes. The research employs a qualitative descriptive methodology, with findings that highlight the significance of generalization. In an attempt to fully realize the village's potential, BUMDes Binangun Pagerharjo Village has developed into an organization that is capable of boosting the local economy through the establishment of social services, economic business development, and BUMDes institutional strengthening initiatives. BUMDes Pagerharjo can create jobs, boost local revenue, and bolster the local economy by empowering the people and opening up business options.

Keywords: BUMDes; Institutional Social-Economic Institutions; Socio-Economic; Village-Owned Enterprises

INTRODUCTION

As a social and business institution, Village-Owned Enterprises (BUMDes) is a mainstay of the village's economic activity. Jokowi government places a high focus on Law Number 6 of 2014 (Indonesia. The Audit Board, 2014) concerning Villages, which positions the village as a great force that will support Indonesia's purpose of sovereignty, prosperity, and dignity. In the third NAWACITA, "Building Indonesia from the Edge by Strengthening Regions and Villages within the Framework of the Unitary State," Jokowi Government pledges to supervise the systematic, consistent, and long-term implementation of the Village Law in order to establish a developed, robust, autonomous, and democratic village.

Village development to advance the nation's economy has a strong legal umbrella, namely the Village Law. In its implementation, the Village Law has several main objectives, namely (1) recognition and legal status in a diverse village-level government system in Indonesia; (2) encourage community traditions and culture; (3) encourage citizen participation in the governance of village; (4) improve services for everyone through more capable village government; and (5) encourage development by its citizens.

One intriguing finding from a theoretical analysis of the village economy is that social capital is ingrained in the village and is quite robust. The social capital that is intended can be demonstrated by the variety of social connections and robust social cohesion that rural communities possess, which serve as a crucial safeguard for governance, progress, and communal endeavors.

As a social institution, BUMDes has an obligation to support the interests of the community by helping to provide social services. The current state of rural communities' social capital, which is made up of social bonding, social bridging, and social linking—the third of the three components of social capital—is actually adversely correlated with the state of village economic capital. The village community's social ties are shallow or parochial social capital. In the framework of local democracy, they are unable to promote economic development in order to establish a socially engaged community (Susilo & Komara, 2016).

One of the objectives of national development is to achieve village independence, which calls for the development of village potential, community social potential, and natural resource potential, all of which are both players and objects in development. Aside from that, boosting BUMDes is necessary to achieve independence. But as things are right now, a lot of communities lack the knowledge necessary to set up and maintain their own BUMDes. Challenges that often arise related to the management of BUMDes, namely (1) lack of participation from the community in managing BUMDes; (2) the government is not optimal in empowering the community in developing BUMDes, and (3) management and management of BUMDes is not running. Based on Law Number 6 of 2014 (Indonesia. The Audit Board, 2014), BUMDes is a business entity where the majority of its funds come from the village with direct participation. The aim of optimizing BUMDes is to improve services to the community by empowering villages with productive businesses developed to increase independence and strengthen the economy of village communities. In particular, optimizing BUMDes by utilizing digital facilities will encourage agrotourism and agribusiness simultaneously (Ridwansyah et al., 2021).

The village has the authority to carry out government affairs in order to empower the community and provide services. The ability to manage the village's potential to enhance the local economy and quality of life was granted, along with sufficient finance. In order to support the villages, including BUMDes, the central government allots enough funding to them each year. Along with that, it also builds a cooperative plan among villages and/or with outside parties, opens up markets and opportunities to meet citizens' needs for public service, creates jobs, enhances the general quality of life in the community by enhancing the village economy, and raises both the actual and per capita incomes of the villagers.

The village receives funding from the district's central and regional financial balance, grants and donations from outside sources, Original Village Revenue (PADes), revenue sharing from taxes and levies in the district, and assistance from the federal, state, and local governments. BUMDes, a village economic institution/body founded and held by the village government and community, managed economically independently and professionally, is one way that the village government can control PADes' source. According to Shava and Thakhathi (2016), community development is an all-encompassing strategy that needs to take the initiative in challenging people's attitudes as well as institutional and societal practices in order to promote equitable development for all individuals, including women, people with disabilities, and other different abilities, elderly people, religious groups, and other marginalized groups in the community. It must also take the initiative to stop the devastation of the environment, which is our lifeblood. Community development can effectively engage people on these concerns in an equitable manner.

BUMDes are a legitimate village economic institution that plays a significant role in boosting rural communities' economic endeavors. These endeavors are the foundation for the growth of small- to medium-sized enterprises, or MSMEs, and they require government backing. A company that satisfies the requirements for a Small Business and is not a branch or subsidiary of a company that is owned, managed, or merges, directly or indirectly, with a Medium or Large Business (Suwandi & Komariah, 2023).

In the age of disruption, which ushers in increasingly uncontrollable developments, increasingly erratic and approaching from all angles. The world needs to prioritize small and medium-sized businesses more than ever (Rahmawati et al., 2021). Every village is required by law to establish a BUMDes, wherein the idea of a retail shop business can be developed as an application of the BUMDes unit. So, the commitment of the central government to the villages to form a network marketing group through BUMDes is very much needed. Domestic products will struggle to compete with other items in the ASEAN region if the government does not create a market network (Susanto, 2016).

Pagerharjo Village is located in Samigaluh District, Kulon Progo Regency, which wants to develop Binangun BUMDes. Nowadays, people often forget one important aspect of developing BUMDes, it is the institution or organization running BUMDes. The election of BUMDes management, which is not based on the ability possessed by prospective administrators, will certainly affect the performance of BUMDes management in the future. The success of BUMDes is in the hands of BUMDes management. To date, the Pagerharjo Village Government has focused on developing BUMDes through the holding of meetings aimed at reactivating the institution. BUMDes was established in 2013 with the goal of utilizing the village's potential and transforming it into an entity that can leverage the local economy. The village authority took actual action six years ago when it took charge of a Waste Management House (RPS). BUMDes are responsible for waste management in the Village of Pagerharjo, which is based on two perspectives, they are

the business perspective and the environmental health perspective. If waste management is done correctly, it can have a number of positive effects on the environment and the economy. Thus, the purpose of this study is to ascertain how local socio-economic institutions in Pagerharjo, Samigaluh District, Kulon Progo Regency are being strengthened through BUMDes. This background makes researchers interested in researching institutional strengthening and socio-economic in Pagerharjo, Samigaluh District.

LITERATURE REVIEW

In general, community participation in development refers to the involvement of all community members or representatives in the decision-making process of development planning and management. This includes choosing plans for activities to be carried out, benefits to be realized, and how to carry out and assess the results of the implementation. According to Geddesian in Soemarmo (2005), community involvement can begin at the very beginning of the planning process. Three different ways that the community may become involved are (1) by education through training; (2) by actively participating in information collection; and (3) by offering the government alternative ideas and recommendations.

According to the Regulation of the Minister of Villages Number 4 of 2015 concerning the Establishment, Management, and Dissolution of Village-Owned Enterprises (Indonesia. The Audit Board, 2015), BUMDes are then intended to be an attempt to accommodate all activities in the economic sector or public services managed by the village. This is due to the fact that BUMDes is a policy plan intended to bring State institutions (Village Ministry PDDT) into village social and state life, also known as village traditions. Second, the growth of collective village economic efforts through BUMDes is one of the policy measures for Indonesia's peripheral development. Third, BUMDes is a policy approach to raise the standard of living for the Indonesian villagers' residents. As a result, BUMDes management essentially plays a significant part in initiatives to strengthen local economies.

One of the consequences of the enactment of Law Number 6 of 2014 concerning villages is to encourage village governments to act as economic architects in their own villages because, in the future, villages will be required to be independent. Then, one of the challenges for the village government to be independent at this time is how the village government can develop various institutions in its area, such as educational, religious, youth, sports, economic institutions, and so on. BUMDes is a vital economic entity in the village that propels the village economy forward. Its existence is challenged to develop and be strong so that it truly becomes a force that can transform the village's potential into a reality that can make the village community prosperous.

One of the goals of reform is to reorient government toward political decentralization. One way to achieve this is through implementing regional autonomy. In essence, regional autonomy seeks to realize a welfare state that meets the needs and aspirations of society as a whole. This is expected as a result of community involvement in planning via observation and aspiration, which will facilitate the effective development of local resources to sustain the welfare state that is achieved through regional autonomy. One of the responsibilities of empowering public agencies as a government partner is promoting unity and cohesion among rural communities and villages. Coordinating development planning is to involve the entire public in the design, execution, and management of building projects. Establishing and empowering women's roles in family welfare and encouraging agency collaboration are some of the ways to improve people's

lives through economic development. Other strategies include researching, using, and organizing self-help and mutual aid societies as a means of communication between the community and the government as well as among the people themselves.

The growth of the village's economic potential, which provides a different setting for rural communities to grow autonomously and cooperatively, can boost the development potential of rural development at this time. The ASEAN Economic Community (AEC) is one example of the free-market competition that villages currently have to deal with. In creating village competitiveness, it is necessary to have an inventory of the potential of each village to become a local superior product. So, BUMDes becomes an important presence to give birth to the competitive economy of rural communities. The organizational scheme, business capital, activities, and types of BUMDes businesses in accordance with Regulation of the Minister of Villages Number 4 of 2015 (Indonesia. The Audit Board, 2015) can be described as follows in Table 1.

Table 1. The Roles, Types, and Business Activities of BUMDes

The Role of BUMDes	Type of Business	Example of Business Activities
Provision/improvement of public services for rural communities	Simple social business (article 19 Permendes 4/2015)	Village water for drinking
		Village-based electrical company
		Food barns
	Intermediary business or service (article 21)	Payment services for electricity Village market to sell goods made locally
Utilization of village assets	Goods rental business (article 20)	Transportation equipment rental
		Building rentals, houses, and shops owned by BUMDes
Providing support for productive village businesses	Point business/holding business unit (article 24)	Large-scale village boat development to organize small fishermen
		A tourist village that arranges various business kinds from neighborhood associations
	Productive business (article 22)	Ice factories, liquid smoke, processing of agricultural products, management of ex-mine wells, etc.
	Microfinance business (article 23)	Provision of credit/loans to the community

Managing a BUMDes, management must fulfill the rules of good management principles. In the BUMDes Formation and Management Handbook published by PKDSP Universitas Brawijaya (Suharyanto & Hastowiyono, 2014), there are six guiding principles involved in controlling BUMDes: (1) Cooperative: in the sense that for BUMDes to grow and survive, all of its members must work effectively together; (2) Participatory: all BUMDes participants must be willing to volunteer or be asked to provide support and contributions that can help BUMDes businesses progress; (3) Emancipative: all BUMDes participants must be treated equally regardless of class, ethnicity, or religion; (4) Transparent: all

BUMDes participants must be easily and publicly aware of activities that affect the public's interests; (5) Accountable: all BUMDes participants must be held accountable both technically and administratively; and (6) Sustainability: all business participants must be willing to develop and maintain the BUMDes container community.

When discussing the elements of building institutional capacity, the following aspects are required to be highlighted: (1) The development of human resources by hiring, training, and firing technical, management, and professional staff; (2) Organizational: how resources, procedures, management style, and structures are set up; (3) Network, including formal and informal relationships, organizational activities, coordination, and network functions; (4) Organizational environment, which includes financial and budgetary support, policies that obstruct development tasks, duties and powers amongst institutions, and laws and regulations that govern public services; and (5) Additional wider activity settings, such as situational, political, and economic aspects, have an impact on performance.

To realize the growth and development of the village's economic potential, the existence of BUMDes is very important because this institution is the driver of the village economy. BUMDes should be a forum that can channel village community initiatives, develop village potential, manage and utilize the potential of village natural resources, and optimize village residents (human resources) in their management. As a driver of the Village economy, capital participation from the village administration is required in the form of financing and Village assets, which are handed over to be handled as part of BUMDes. The ideal BUMDes is required to become the axis of village life.

RESEARCH METHOD

The study was carried out in the Pagerharjo Village, Samigaluh District, Kulonprogo Regency. BUMDes in the village of Pagerharjo were selected as a case unit because they had established a BUMDes institutional strengthening program that covered two perspectives, namely environmental health and business, and had benefited from the economic business development and social services program. When waste is managed well, there are many potential benefits that might arise for the environment and the economy.

The subject of this qualitative study is the Sustainable Stage Village BUMDes in the Village of Pagerharjo. This study employs descriptive methodology. This research aims to determine the reinforcement of local socio-economic institutions in Pagerharjo through BUMDes. The basic principles that must be met in institutional strengthening to run well and sustainably are the principle of autonomy (specific to local villages), the principle of empowering BUMDes members, and the principle of local independence.

The process of gathering data is determined by the kind of information that is needed, which includes both primary data and secondary data. The primary data from this research are interviews with BUMDes leaders regarding the organizational profile, organization development, and collaboration that are carried out by BUMDes. The rationale behind the selection of secondary data is that BUMDes Binangun Pagerharjo has performed a public service by collecting secondary data for this study, which serves as processing input to identify business efficiency. The data were obtained directly from BUMDes is necessary for this identification. The questions instrument consists of BUMDes business strategies, performance statistics, collaboration partners, and other data that reflect their attributes from the BUMDes performance reports.

Through the strengthening of BUMDes institutions, the needs of the surrounding community socially and economically will be met. This can support the implementation of Bantul Regency's development vision of realizing an independent rural community economic institution, creating business opportunities, and creating jobs (Widodo & Widodo, 2015).

RESULTS

The Existence of BUMDes Pagerharjo

The village government was also mentioned in Law No. 32 of 2004 (Indonesia. The Audit Board, 2004), covering regional governance. As one of the implementing rules of Law No. 32 of 2004, it was subsequently clearly regulated in Government Regulation (PP) No. 72 of 2005 concerning Villages (Indonesia. The Audit Board, 2005). Thus, regulations that are specific to villages are already in place, but they are not laws; rather, they are regulations at the PP level. According to PP No 72 of 2005, a village is defined as a legal community unit with territorial boundaries that has the authority to control and protect the interests of local communities based on origins and characteristics that are acknowledged and respected within the framework of the Unitary State of the Republic of Indonesia (NKRI). This PP, strictly speaking, acknowledges the existence of village self-government within the context of the NKRI. Additionally, the PP grants village authorities a great deal of power to perform their tasks as the head of the local government.

The sustainable village stage BUMDes can be strengthened by the presence of the regional autonomy concept or by taking advantage of local features to utilize the village's resources and resources owned by its members. An organization's internal resources provide a more reliable foundation for developing its market structure and innovation activities. The company's numerous resources, skills, and talents are highlighted by the creative resources-based perspective (Azizah et al., 2023). The human resources owned by BUMDes Pagerharjo consist of 1,700 households (KK) who want to support the existence of BUMDes in their village. The organization or institution is another equally valuable resource. An organization's or institution's performance is demonstrated by how well it uses its resources and generates work that is pertinent to the demands of its users and in line with its goals. When paired with capital that promotes good social welfare, a local organization or institution can aid in the development of other capable local organizations or institutions. Performance is crucial in determining if a business is successful in reaching its objectives (Akbar et al., 2022).

BUMDes development needs to be able to stay up with the ever-accelerating advancements in technology. Universities' participation in BUMDes Binangun Pagerharjo as partners is anticipated to foster innovation in the use of technology in the process of company development. Business actors will thereafter be able to easily and knowledgeably obtain information about market wants. Universities and BUMDes Binangun Pagerharjo have worked together. Intellectuals wish to give back to the community through the Tri Dharma of Higher Education. They wish to use their knowledge to help rural businesses grow by offering training in accounting, organizational management, and financial report preparation. For instance, lecturers are able to share innovations or fresh ideas for producing goods using the village's current resources through community service projects, and they may also impart knowledge about how to use technology for the process of product promotion.

BUMDes Binangun Pagerharjo regularly holds social service activities such as blood donations. The blood donation campaigns hosted by PMI and BUMDes Binangun Raharja Pagerharjo, in partnership with the Pagerharjo Government, have the potential to go on and inspire similar initiatives in other Samigaluh subdistricts and even throughout Kulon Progo. BUMDes has the potential to serve as a platform for social activities and charitable endeavors in addition to enhancing community welfare. Other health-related initiatives that work with the local government include worm medication administration to combat childhood stunting and the socialization of family planning programs. BUMDes must continue to work hard to address the issue of stunting in society. It is becoming increasingly difficult for the government to combat stunting because of the rising poverty rate. The issue of stunting will be resolved if BUMDes and the government work together on socialization initiatives to address stunting and preventive measures.

The Form of Business and Its Development

Institutional strengthening as an independent rural community economy, creating business opportunities, and creating jobs have been pursued. Pagerharjo Village BUMDes was formed in 2019, and consist of 30 members. BUMDes Pagerharjo village innovates processing waste cooking coffee. They marketed the village's innovative products. BUMDes Lestari stage can turn cooking oil waste into income for the village while reducing waste pollution in the river. Used cooking oil can be reused as fuel. Through the refining process or refined used cooking oil (R-UCO), used cooking oil can be used as an alternative fuel to substitute diesel. In 2014, BUMDes Pagerharjo began processing cooking oil waste into a fuel mixture product for the industry. BUMDes collects used cooking oil by buying it from the community for Rp 4 thousand per liter. To collect cooking oil from the community and the surrounding environment (tofu factories and restaurants), BUMDes formed the Tigor Bank (fried food). In addition to the above, BUMDes Pagerharjo has also opened services to manage used goods in village supermarkets. One of them is already in the form of a company in collaboration with one of the companies and cooperatives, where residents also participate in managing and are directly involved. To build a strong firm, innovations in production, bookkeeping, marketing, human resource management systems, and bookkeeping that come from the capacities of rural areas are required. The community's ability to make use of the local natural resources can inspire this creativity (Goenadhi & Santoso, 2023).

Since these organizations are what propel the village economy, the expansion and growth of the village's economic potential, as well as the presence of BUMDes, are critical. BUMDes ought to serve as a venue for village community activities, prospective development, management and utilization of natural resource potential, and the optimization of human resources (village residents) in the management of those resources. The village government must contribute capital in the form of funding and village assets, which are turned over to be managed as part of BUMDes since they are the engine of the village economy. The ideal BUMDes is required to become the axis of village life. BUMDes still applies a form of subsidized credit with specific targets. At the beginning of the establishment of this BUMDes, a grant from the village fund allocation of approximately was received. Then, the utilization by the BUMDes is processed to be used as venture capital in BUMDes.

BUMDes Binangun Pagerharjo has launched a number of business and SMEs unit initiatives in Pagerharjo Village, such as (1) Village Warung BUMDes Mart, also known as Village Warung, is a purchasing and selling company that offers a variety of goods, including stationery, UKM processed items, basic necessities, and photocopy services for those in need; (2) Tourist Recreation Area In Pagerharjo Village, BUMDes Binangun

Raharja oversees tourism as well, including Camping Groun; (3) Financial services BUMDes Binangun Raharja Pagerharjo offers savings, loan, and credit services in addition to this service; (4) Online payment services are also offered by BRILink BUMDes Binangun Raharja Pagerharjo, which may facilitate cash withdrawal and service transfers for the residents of Pagerharjo Village; (5) Village market administration Bumdes Binangun is also heavily involved in the management of the village market, this is done in order to ensure the smooth development of the village market management; and (6) Homestay with the aim of making it easier for people traveling to Pagerharjo to find accommodation. People along the tourism activities value chain are needed for every aspect of the tourism sector, including travel agencies, transportation providers, hotels (including homestays), specialized shops, and tour guides (Amin et al., 2023). Given that travelers are currently more interested in environmental and cultural tourism, community-based tourism is one of the practical steps in getting ready for return travel (Rahmiati & Goenadhi, 2022).

The key drivers of SMEs' increased competitiveness include creativity, entrepreneurial spirit, and inventive spirit backed by the workforce's knowledge or abilities. BUMDes Binangun Pagerharjo signed an agreement to distribute the homestay financing program between PT Sarana Multigriya Financial (Persero). Present at this event were the leaders of PT SMF, BNI, the Head of Samigaluh District, the Head of Pagerharjo Village, and the Director of BUMDes Pagerharjo. Since PT SMF is entirely owned by the government, the Ministry of Finance is providing financial support to the homestay in Pagerharjo Village in order for it to grow, expand, and eventually draw large numbers of tourists (Samigaluh Kulonprogo, 2019).

Plono Market, another business unit owned by BUMDes Binangun Pagerharjo, is managed by BUMDes and has improved its infrastructure, including parking spaces and some of its market structures, since 2019. Since the market's management by individuals had not yielded the anticipated Village Real Income (PAD), the Kalurahan Pagerharjo government shifted control of the market to BUMDes Binangun Pagerharjo. Given the formidable challenges that lie ahead, perhaps BUM Village will soon have grown and become more serious in managing a variety of endeavors. The Plono market is strategically located, but its potential is not as fully realized as it may be.

The traditional market potential of BUMDes Binangun aggressively encourages the creation of cultural and tourism villages that the Yogyakarta Privileged Program supports but falls short in terms of ensuring the well-being of the villagers. In light of this, this commitment helps BUMDes enhance its ability to manage its business as a focal point for assessment and future BUMDes strategy. By promoting the formation of a group or groups for market traders, BUMDes will have an easier time disseminating any regulations or developments pertaining to the Plono market.

Partners are ready to accompany BUMDes in developing their business units. Facilitate BUMDes Binangun Pagerharjo in empowering market traders to form a forum or institution that accommodates traders' aspirations and socio-economic activities. The formation of a forum for market traders is one of the efforts to revive the attractiveness of traditional markets. Social interaction between buyers and traders is social capital in realizing community welfare. The form of institution that adapts to traders' needs can be in the form of a community or cooperative.

University implements one of its principles of community service, so through community service activities, it is hoped that it can provide assistance in solving problems faced by BUMDes in advance of the welfare of the people of Pagerharjo Village. The target audience for this activity is BUMDes Binangun Pagerharjo. It is imperative that stronger interventions be implemented in order to increase public awareness and education about the role that career expertise and community development professionals play in directing and promoting the successful completion of community development projects and programs across the nation (Muhoho & Mhina, 2023).

The Contribution of the Presence of Sustainable Village Stage to Strengthening the Village Economy

BUMDes should be viewed in the context of their contributions as a multi-sector economic entity that is overseen by the village government and the local populace (Widodo & Widodo, 2015). This contribution will be in line with what the village leaders will provide for the community. This can be in the form of service. The low productivity of village services, especially in BUMDes, has been caused more by the weakness of human resources in management and so on. So, in this contribution, the village must also look at cooperation in developing it. Thus, the source of funds for increasing village income can be realized.

In basic types of cooperation, members of society band together to pool material or financial resources with the shared objective of creating money and distributing it among themselves (Agaba et al., 2023). Meeting community needs to increase community income and the original village income, BUMDes has made several contributions to meet the community's needs, one of which is the basic needs of the village. Given this, BUMDes is a business capital economic institution.

Village growth on its own is one of the autonomous village projects that may operate with an assurance that the village has really been able to manage its own household and establish an independent village that is not solely reliant on the money provided by the Bantul district government is BUMDes.

Enhancing BUMDes' responsibilities and capabilities, such as offering services or creating goods in the public interest and turning a profit to achieve corporate objectives, fostering the regional economy, which calls for its capacity to act as a catalyst for the expansion and development of the local economy, it must be able to generate Original Regional Income in order to increase regional income. Hence, BUMDes must operate at peak efficiency in order to fulfill its primary duties. Firstly, in order to establish itself as a dependable source of PAD, it needs to manage itself successfully and efficiently using the business concepts of a sound and established enterprise. In order to promote stronger regional economic growth, the second goal is to realize mutually beneficial cooperation between BUMDes, BUMN, and the private sector, particularly MSMEs (Wijoyo & Mashuri, 2021).

DISCUSSION

Regional-Owned Enterprises (BUMD) is expected to support the regional economy. So, BUMDes is always required to increase productivity, effectiveness, and efficiency in its performance, especially in utilizing regional resources to increase PAD. The use of existing resources must also be balanced with the abilities possessed by each employee regarding knowledge or skills that can be obtained from education, training, and experience. From this, performance development will increase, supported by the motivation provided by the company as a form of encouragement to employees to

increase their performance productivity and be able to take opportunities and expand the company. This increase in performance is reflected in the attitude, knowledge, and skills of each individual in the company. Yogyakarta Special Region Provincial Government is trying to provide effective guidance to BUMDes on aspects of strategic planning, regulations, and institutional policies as well as identification and resolution of problems, strengthening the capital sector in BUMDs based on the needs and potential for BUMDes business development.

Apart from the prosperity and well-being of the community, the existence of regional companies or BUMDes, according to Harahap (2011), is to seek profits in their business fields to increase original regional income from dividends paid to regional treasuries. The dividends obtained from the BUMDes will then become regional government income, increasing the APBD's ability to finance regional development. The division of the BUMDes concept, which is oriented towards business and service to the community, has several consequences. BUMDes that are oriented towards business aspects are expected to provide financial benefits. In the meantime, BUMDes focused on community services ought to be able to accommodate the demands and preferences of the broader public. The responsibilities of BUMDes go beyond just helping businesses capitalize on the village's current potential. Instead, its primary goal is to establish advantageous economic circumstances that raise village communities' standards of living (Maryunani, 2023).

Efforts being made to overcome the current BUMDes problem are increasing the productivity of village communities and accounting for funds in village management, which is the rule set by the government guide. Strengthening and Empowering BUMDes as an Alternative strategy in the development of economic development in villages, especially in the organizational development of BUMDes business units. However, the reality is that BUMDes currently cannot implement it optimally. Strengthening and Empowering BUMDes is something that is widely discussed by the community and BUMDes administrators because it is related to village progress and change. The strategic management techniques of an organization play a major role in determining its overall effectiveness. In many different nations and sectors, strategic management techniques are seen as an ongoing issue and a topic of scholarly debate (Guyo, 2020).

Due to the fact that this village-owned business entity only has a small amount of capital compared to private companies with significant capital, the position of the village-owned business entity is that this cannot be reached. This is due to the reality of the flow of domestic and foreign capital intervention, which is now making the village a very tough business development target. Due to the village's ownership of natural resources, it is extremely susceptible to market and capital intrusion. The existence of this village-owned company will act as a counterbalance to the influence of both domestic and international companies. It is envisaged that this village-owned company would be able to function as a local corporation and drive the dynamics of the village economy. Every village essentially has different advantages in particular sectors, so the local community and village government need to pay particular attention to managing and maximizing opportunities to open new jobs and frequently conduct training so that skilled and productive workers can raise their income levels.

CONCLUSION

The study yields several noteworthy conclusions regarding the impact of BUMDes on the economy of Pagerharjo village, Samigaluh district. Firstly, the establishment of a village-owned business entity in Pagerharjo aligns with existing village regulations, including legal frameworks, statutes, and organizational structures. Additionally, the transparent process of fund allocation and utilization for BUMDes, utilizing grant funds provided by the village government for capital loans, further strengthens the village economy. Moreover, the diverse business forms within BUMDes create opportunities for various business fields and job opportunities.

Secondly, community-owned businesses play a crucial role in enhancing the village economy by providing sources of income and meeting community needs. The funds provided by BUMDes contribute to increasing village income, while the establishment of various businesses helps fulfill the needs of the local population. However, despite these contributions, BUMDes has yet to fully realize its potential in strengthening the local economy and meeting community needs effectively.

Furthermore, the establishment of BUMDes represents a step towards achieving village independence. However, it is evident that BUMDes in Pagerharjo has not fully realized its potential as an economic institution. Thus, there is a need for further efforts to enhance the effectiveness of BUMDes and maximize its contribution to the village economy and community welfare.

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DECLARATION OF CONFLICTING INTERESTS

The authors declared no potential conflicts of interest.

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